

**ANNUAL REPORT
ALLAN GRAY AFRICA EX-SA
EQUITY FUND LIMITED**

31 DECEMBER 2023

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SCHEDULE OF NET ASSETS

As at 31 December 2023

Number held	Security (grouped by sector)	Market value US\$	% of Fund
	FINANCIALS	119 685 316	27.7%
496 195 701	Zenith Bank	20 149 365	4.7%
266 912 555	Stanbic IBTC Holdings	19 532 102	4.5%
440 493 870	Guaranty Trust Bank	18 743 632	4.3%
742 252 608	Access Holdings	18 053 507	4.2%
13 484 381	Stanbic Holdings Plc	9 340 296	2.2%
283 541	Société Générale de Banques en Côte d'Ivoire	7 657 503	1.8%
2 831 902	Commercial International Bank	6 679 351	1.5%
27 645 400	Bank of Kigali Group	6 472 945	1.5%
7 065 017	QNB Alahli Bank	6 435 619	1.5%
24 674 563	Equity Group	5 288 529	1.2%
19 657 974	Positions less than 1%	1 332 467	0.3%
	CONSUMER STAPLES	117 154 493	27.1%
59 031 113	Eastern Tobacco	53 581 353	12.4%
52 392 893	Delta Corporation	31 145 462	7.2%
20 637 858	Innsco Africa	9 080 658	2.1%
3 255 687	British American Tobacco	8 450 270	2.0%
574 426	Société Ivoirienne Des Tabacs	5 746 220	1.3%
132 624 030	Nigerian Breweries	5 016 301	1.2%
2 461 396	Positions less than 1%	4 134 229	1.0%
	BASIC MATERIALS	51 771 791	12.0%
1 149 945	Caledonia Mining	14 356 166	3.3%
1 866 579	Zimplats	27 697 635	6.4%
293 397	Endeavour Mining	6 566 936	1.5%
325 000	Positions less than 1%	3 151 054	0.8%
	TELECOMMUNICATIONS	43 891 370	10.1%
558 409	Sonatel	16 894 229	3.9%
114 225 986	Econet Wireless	16 368 527	3.8%
3 146 256	Press Corporation	4 694 507	1.1%
29 670 776	Positions less than 1%	5 934 107	1.4%
	ENERGY	43 443 749	10.0%
19 233 253	Seplat Energy London	30 381 538	7.0%
4 028 427	Seplat Energy Nigeria	9 777 016	2.3%
36 450 677	Positions less than 1%	3 285 195	0.8%
	UTILITIES	16 864 484	3.9%
159 239 160	Umeme	16 850 705	3.9%
135 210	Positions less than 1%	13 779	0.0%
	HEALTHCARE	3 524 607	0.8%
9 813 054	Positions less than 1%	3 524 607	0.8%
	TECHNOLOGY	3 138 707	0.7%
105 171 279	Positions less than 1%	3 138 707	0.7%
	INDUSTRIALS	1 506 925	0.3%
22 660 701	Positions less than 1%	1 506 925	0.3%
	CONSUMER DISCRETIONARY	1 904 620	0.4%
5 860 369	Positions less than 1%	1 904 620	0.4%
	CASH, FUTURES CONTRACTS AND NET ACCRUALS	29 851 910	6.9%
	NET ASSETS	432 737 970	100%


Note: There may be slight discrepancies in the totals due to rounding.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

As at 31 December 2023

The directors of the Fund are responsible for the preparation of the annual financial statements and related financial information included in this report.

The annual financial statements which comprise the financial position as at 31 December 2023 and its financial performance and cash flows for the year ended 31 December 2023 are set out on pages 7 to 30 and have been approved by the directors of the Fund and are signed on its behalf by:



John Collis
Director
25 March 2024



Craig Bodenstab
Director
25 March 2024

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of Allan Gray Africa ex-SA Equity Fund Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Allan Gray Africa ex-SA Equity Fund Limited (the "Fund"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable shares and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities of the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

Risk:

Valuation of financial assets at fair value through profit or loss

The valuation of the Fund's financial assets at fair value through profit or loss is a key audit matter because it significantly impacts the Fund's performance and net asset value.

As of 31 December 2023, the Fund's financial assets at fair value through profit or loss amounted to US\$420,438,676. Financial assets include equities and futures contracts. As disclosed in Notes 1.3.6 and 7.2 to the financial statements, the Fund records its investments in financial assets carried at fair value through profit or loss based on a quoted price in an active market. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques.

Our response to the risk:

We evaluated management's valuation methodology applied to determine the fair value of the Fund's financial assets and performed the following procedures among others.

We obtained the listing of financial assets as at 31 December 2023. For the Fund's investment in equities and futures contracts we compared the values recorded by the Fund to independently quoted prices, observable trades and/or vendor prices.

Other information included in the Fund's 2023 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the Board of Directors, as a body. Our audit work has been undertaken so that we might state to the Board of Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Board of Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is Jessel Mendes.

Ernst & Young Ltd.

Hamilton, Bermuda

25 March 2024

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 US\$	2022 US\$
ASSETS			
Financial assets at fair value through profit or loss	2	420 438 676	400 706 148
Cash and cash equivalents	3	15 400 579	18 006 924
Trade and other receivables	4	1 724 073	4 083 108
TOTAL ASSETS		437 563 328	422 796 180
LIABILITIES			
Trade and other payables	5	4 825 358	2 192 015
TOTAL LIABILITIES, EXCLUDING NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		4 825 358	2 192 015
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		432 737 970	420 604 165

The above Statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 US\$	2022 US\$
NET INVESTMENT INCOME/(LOSS)		49 179 966	(49 509 946)
Dividend income		38 776 407	34 249 234
Unrealised gains/(losses) on investments		14 959 249	(80 070 693)
Foreign exchange losses		(5 306 855)	(3 527 663)
Realised gains/(losses) on disposal of investments		553 759	(761 307)
Interest income		192 975	280 475
Other income		4 431	320 008
EXPENSES		(1 721 001)	(3 618 651)
Custodian fees		(713 049)	(1 065 864)
Management fees	1.3.2	(623 463)	(2 119 920)
Other expenses		(194 582)	(222 000)
Administration fees		(128 039)	(135 577)
Audit fees		(46 606)	(51 290)
Directors' fees		(15 262)	(24 000)
PROFIT/(LOSS) FOR THE YEAR BEFORE TAXES		47 458 965	(53 128 597)
Withholding and other taxes		(6 233 768)	(4 765 163)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		41 225 197	(57 893 760)

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES

For the year ended 31 December 2023

	Note	Net assets attributable to holders of redeemable shares US\$	Number of shares
BALANCE AT 31 DECEMBER 2021	8	468 781 984	2 492 923
Total comprehensive loss for the year		(57 893 760)	-
Net capital subscriptions		9 715 941	117 524
BALANCE AT 31 DECEMBER 2022	8	420 604 165	2 610 447
Total comprehensive income for the year		41 225 197	-
Net capital redemptions		(29 091 392)	(154 072)
BALANCE AT 31 DECEMBER 2023	8	432 737 970	2 456 375

The above Statement of changes in net assets attributable to holders of redeemable shares should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 US\$	2022 US\$
CASH FLOW FROM OPERATING ACTIVITIES			
Net cash outflow from operations before working capital changes	6.1	(1 093 107)	(1 178 723)
Working capital changes	6.2	963 385	283 890
Interest received		1 227 943	89 081
Dividends received, net of withholding tax		35 883 148	35 403 107
Management fees paid		(623 463)	(1 119 920)
Other tax expenses paid		(346 483)	-
NET CASH GENERATED BY OPERATING ACTIVITIES		36 011 423	33 477 435
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of investments		(28 870 674)	(116 279 428)
Proceeds from sale of investments		24 651 153	79 572 057
NET CASH UTILISED IN INVESTING ACTIVITIES		(4 219 521)	(36 707 371)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of redeemable shares		3 948 373	78 326 562
Redemption of redeemable shares		(33 039 765)	(69 610 621)
NET CASH (UTILISED)/GENERATED BY FINANCING ACTIVITIES		(29 091 392)	8 715 941
Net increase in cash and cash equivalents		2 700 510	5 486 005
Cash and cash equivalents at the beginning of the year		18 006 924	16 048 582
Effect of exchange rate changes on cash and cash equivalents		(5 306 855)	(3 527 663)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		15 400 579	18 006 924

The above Statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2023

Corporate information

Allan Gray Africa ex-SA Equity Fund Limited ('the Fund') was incorporated on 31 October 2011 and is a limited liability company of unlimited duration. The Fund was launched to the public on 1 January 2012 and is a Bermuda exempted Mutual Fund Company. The investment manager of the Fund is Allan Gray Bermuda Limited ('the Investment Manager'). Allan Gray Proprietary Limited, a fellow subsidiary within the Allan Gray group, is the Investment Adviser to the Fund.

The financial statements of the Fund were authorised for issue by the directors of the Fund on 25 March 2024.

1. Accounting standards and policies**1.1 Basis of preparation**

The financial statements have been prepared on a going concern basis, using the historical cost basis, except for financial instruments that have been measured at either fair value or amortised cost, in accordance with International Financial Reporting Standards ('IFRS'). These financial statements are presented in US dollars, being the functional currency of the Fund.

1.2 IFRS

The Fund has adopted all new and revised standards, interpretations and amendments issued by the International Accounting Standards Board ('the IASB') and the IFRS Interpretations Committee ('IFRIC') of the IASB that are relevant to its operations and effective for the annual accounting period ended 31 December 2023.

The material accounting policies adopted in the preparation of the financial statements are set out below and are in accordance with and comply with IFRS.

A number of other changes, that are effective for the accounting periods beginning on or after 1 January 2023, have been issued by the IASB and IFRIC. However, these are not considered relevant to the Fund's operations.

The following new or revised IFRS standards, interpretations and amendments applicable to the Fund have been issued but are not yet effective:

Standards		Effective date: Years beginning on/after	Impact
IAS 1	Presentation of Financial Statements (amendment: classification of Liabilities as Current or Non-current)	01 January 2024	No material impact
IAS 21	Amendments to IAS 21: Lack of Exchangeability	01 January 2025	Material impact

On 15 August 2023, the IASB issued Lack of Exchangeability (Amendments to IAS 21) that sets out the requirements for estimating the exchange rate to be used at a measurement date when a currency is not exchangeable into another currency at that date. The Amendments to IAS 21 apply for annual reporting periods beginning on or after 1 January 2025 with early adoption permitted. Accordingly, the Fund has early adopted these amendments for the year ended 31 December 2023.

The IASB had previously allowed entities to apply these amendments and principles while the standard was an exposure draft. Due to the nature of certain markets where the Fund has investments in, the Fund had adopted these principles for the year ended 31 December 2022. Refer to Note 12 for further information.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2023

The Fund intends to adopt other new and amended standards and interpretations, if applicable, when they become effective.

1.3 Accounting policies

The Fund has identified the accounting policies that are most significant to its business operations and the understanding of its results. These accounting policies are set out below and have been consistently applied.

1.3.1 Net investment income

Net investment income comprises interest income, dividend income, foreign currency gains or losses on investments, other income and realised and unrealised gains or losses on investments.

Interest income

Interest is recognised in the Statement of comprehensive income using the effective interest method.

Dividend income

Dividends are recognised when the Fund's right to receive payment of the dividend is established. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the Statement of comprehensive income.

Other income

Investors are charged 1% when subscribing for Fund shares. Investors may be charged 1% when redeeming Fund shares in the case of significant redemptions. These charges are paid into the Fund to offset the costs associated with the transactions that are borne by the Fund. The Investment Manager may waive these charges if transactions substantially offset one another.

Investment gains and losses

Changes in the fair value of financial assets held at fair value through profit or loss and, realised gains or losses made on the disposal of these financial assets, calculated using the average cost method, are recognised in the Statement in comprehensive income.

1.3.2 Management fee

The management fee is the fee accrued by the Fund to the Investment Manager for the management of the Fund. Further details relating to the management fee calculation are disclosed in Note 10.

1.3.3 Expenses

Any interest expense is recognised on an accrual basis using the effective interest method. All other expenses are recognised in the Statement of comprehensive income on an accrual basis.

1.3.4 Distributions to holders of redeemable shares

Distributions from the Fund that may be declared will be automatically reinvested in additional redeemable shares unless a holder of redeemable shares requests in writing that any dividends be paid to them. Distributions to holders of redeemable shares are recognised in the Statement of comprehensive income as finance costs.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2023

1.3.5 Taxation

There is no income tax, corporation tax, profits tax, withholding tax, capital gains tax, capital transfer tax, estate or stamp duty or inheritance tax in Bermuda payable by the Fund or its members in respect of shares in the Fund. The government of Bermuda has undertaken that in the event that any income, profit, capital, capital gains, estate or inheritance taxes are levied in Bermuda in the future, the Fund and its shares will be exempt from such taxes until 31 March 2035.

Income and capital gains on the Fund's investments, however, may be subject to taxes in certain countries.

The Fund evaluates tax positions to determine whether, for all tax years still subject to assessment or challenge by the relevant taxation authorities, the tax positions are probable to be accepted on examination by the relevant tax authorities. If it is probable that the Fund's tax positions will be accepted, the taxable profit/tax loss should be consistent with the Fund's tax filings. If it is not probable, the Fund must reflect the effect of the uncertainty in determining its taxable profit/tax loss. The effect of the uncertain tax treatment is determined by applying either the expected value method or the most likely method.

The Fund has analysed its tax positions for the year ended 31 December 2023, and has recorded a tax liability relating to tax positions that are certain, where it is probable that the Fund's tax positions will be accepted by the relevant taxation authorities. There are no uncertain tax positions. Additionally, the Fund has recorded withholding and other taxes applicable to certain income types.

1.3.6 Financial instruments: Financial assets and liabilities**Classification****Financial assets**

The Fund determines the classification of its financial assets on initial recognition, when it becomes a party to the contract governing the instrument. The classification depends on how the Fund manages its financial assets in order to generate cash flows.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when:

- They are held for trading;
- The contractual cash flows do not represent solely payments of principal and interest; or
- Designated as such upon initial recognition to eliminate or significantly reduce a measurement or recognition inconsistency.

The Fund classifies its investment in equity instruments, bonds and related derivatives as financial assets at fair value through profit or loss.

The Fund's investments in equity and bond instruments are designated upon initial recognition on the basis that they are part of a group of financial assets that are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Fund, as set out in the Fund's offering document. Derivatives are categorised as held for trading and are not designated as effective hedging instruments in terms of IFRS 9. When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the Statement of comprehensive income.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2023

Financial assets at amortised cost

The Fund classifies financial assets at amortised cost when:

- The financial asset is held with the objective to collect contractual cash flows; and
- The terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets at amortised cost comprise cash and cash equivalents and trade and other receivables, which include dividends receivable, interest receivable and amounts due from brokers, which are short-term in nature. Amortised cost approximates fair value due to the short-term nature of the financial assets.

Financial liabilities

The Fund determines the classification of its financial liabilities on initial recognition, when it becomes a party to the contract governing the instrument, according to the nature and purpose of the financial instrument.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Fund that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Financial liabilities at amortised cost

The Fund classifies its trade and other payables and distributions payable as financial liabilities at amortised cost, which are measured at amortised cost. Trade and other payables include other payables and amounts due to brokers, which are short-term in nature. Amortised cost approximates fair value due to the short-term nature of the financial liabilities.

Recognition and measurement

A 'regular way' contract is one that requires the delivery of an asset within the time frame established, generally by regulation or convention within the marketplace concerned. Regular way purchases and sales of financial assets are recognised using trade date accounting. Trade date accounting refers to (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date. The trade date is the date that an entity commits itself to purchase or to sell an asset.

Financial instruments are recognised on the trade date at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2023

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities designated as at fair value through profit or loss are measured at fair value. Subsequent to initial recognition, investments at fair value through profit or loss are marked to market on a daily basis with changes in fair value taken through profit or loss as gains and losses. Attributable transaction costs are recognised in the Statement of comprehensive income as incurred.

Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are measured initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial assets and financial liabilities at amortised cost are measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost approximates fair value due to the short-term nature of financial assets and financial liabilities.

Gains and losses are recognised in the Statement of comprehensive income when financial assets and financial liabilities at amortised cost are derecognised or impaired, and through the amortisation process.

Derecognition of financial assets and liabilities

A financial asset is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Fund has transferred its rights to receive cash flows from the asset; or
- The Fund has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of comprehensive income.

Impairment of financial assets

The Fund assesses at each reporting date whether an allowance for expected credit losses ('ECL') should be recognised. The ECL allowance does not require any trigger event to occur but rather relies on an expectation of future losses.

Assets carried at amortised cost

The allowance for ECL is determined based on the difference between the contractual cash flows and the cash flows expected to be received, discounted at the original effective interest rate. The Fund applies a simplified approach in determining the ECL based on, among other criteria, its historical credit loss experience, days past due of the trade and other receivables and cash and cash equivalents and consideration of forward-looking factors specific to the counterparty and economic environment. The impact of these has been considered and concluded to be immaterial.

A financial asset is classified as in default when the contractual payments are 30 days past due, unless there is specific information indicating that the Fund is unlikely to receive the outstanding amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Fund holds trade receivables with no financing component and which have maturities of less than 12 months. All trade receivables are expected to be received within 30 days.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2023

Determination of fair value

Financial instruments carried at fair value are valued based on a quoted market price. For all other financial instruments not valued based on a quoted market price, the fair value is determined by using appropriate valuation techniques. An analysis of fair values of financial instruments and further details as to how they are measured, are provided in Note 7.2.

Offsetting financial instruments

A financial asset and a financial liability are offset, and the net amount is presented in the Statement of financial position, only when the Fund currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Income and expense items are only offset to the extent that their related instruments have been offset in the Statement of financial position.

1.3.7 Cash and cash equivalents

Cash and cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, and are subject to insignificant risk of changes in value. Balances held for the purposes of meeting short-term cash commitments, rather than for investment or other purposes, are current assets and disclosed separately on the face of the Statement of financial position.

1.3.8 Amounts due from and to brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased (in a regular way transaction) that have been contracted for but not yet settled or delivered on the Statement of financial position date. These are included in trade and other receivables, and in trade and other payables, respectively.

A provision for impairment of amounts due from brokers is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker.

1.3.9 Foreign currencies

The Fund's functional currency is the US dollar, which is the currency in which the performance of the Fund is evaluated and its liquidity is managed. Foreign currency items are recorded at the exchange rate ruling on the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated to US dollars at rates of exchange ruling at the earlier of the Statement of financial position date or when settled. Gains and losses arising from the translation of these monetary assets and liabilities are recognised in the Statement of comprehensive income.

Realised and unrealised foreign currency gains or losses on investments measured at fair value through profit or loss are included in the Statement of comprehensive income in realised gains or losses on disposal of investments and unrealised gains or losses on investments, respectively. Realised and unrealised foreign currency gains or losses on all other financial instruments denominated in foreign currencies are included in the Statement of comprehensive income in foreign exchange gains or losses.

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The exchange rates applied in preparing these financial statements are based on the principles set out in IAS 21. In the instances where the Fund is not able to obtain more than an insignificant amount of the other currency within a time frame that allows for normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations at the measurement date, such that they conclude there is lack of exchangeability, an estimated exchange rate is applied.

All foreign currency translations were at the official exchange rate or approximated the official exchange rate as at 31 December 2023 and 31 December 2022. The IFRS principles applied in determining the estimated exchange rate for the Zimbabwean dollar are disclosed in Note 12.

1.3.10 Net assets attributable to holders of redeemable shares

Shares issued by the Fund are classified as financial liabilities and disclosed as net assets attributable to holders of redeemable shares. The value of net assets attributable to holders of redeemable shares is what is commonly known as the capital value of the Fund. This financial liability (as defined by IAS 32) represents the holders' right to a residual interest in the Fund's net assets.

1.3.11 Critical judgement in applying the Fund's accounting policies

The preparation of the Fund's financial statements requires the directors to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Fair value

When the fair value of financial assets and liabilities recorded in the Statement of financial position cannot be derived from quoted market prices, they are determined using a variety of valuation techniques. Refer to Note 7.2.

The effect of changes in foreign exchange rates

The Fund has applied its judgement in determining an estimated exchange rate applied in respect of the Zimbabwean dollar-based line items reported in the financial statements. Further details are provided in Note 12.

1.3.12 Events subsequent to year end

There were no significant events subsequent to year end up to the date of approval of these financial statements.

2. Financial assets at fair value through profit or loss

	2023 US\$	2022 US\$
FINANCIAL ASSETS		
Equities	402 886 069	396 556 648
Futures contracts	17 552 607	1 132 328
Bonds	-	3 017 172
TOTAL	420 438 676	400 706 148

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3. Cash and cash equivalents

	2023 US\$	2022 US\$
Cash held at banks	15 400 579	18 006 924
TOTAL	15 400 579	18 006 924

4. Trade and other receivables

Margin accounts on futures contracts	1 192 371	2 219 056
Dividends receivable, net of withholding tax	495 643	795 170
Prepaid expenses	19 517	17 373
Interest receivable	16 542	1 051 509
TOTAL	1 724 073	4 083 108

5. Trade and other payables

Tax payable	4 746 103	2 051 604
Other payables	79 255	140 411
TOTAL	4 825 358	2 192 015

6. Notes to the Statement of cash flows

6.1 Net cash outflow from operations before working capital changes

	2023 US\$	2022 US\$
Total comprehensive income/(loss) for the year	41 225 197	(57 893 760)
ADJUSTMENTS		
Dividend income, net of withholding tax	(35 583 621)	(31 555 787)
Unrealised (gains)/losses on investments	(14 959 249)	80 070 693
Foreign exchange losses	5 306 855	3 527 663
Realised (gains)/losses on disposal of investments	(553 759)	761 307
Interest income	(192 975)	(280 475)
Management fees	623 463	2 119 920
Other tax expenses	3 040 982	2 071 716
TOTAL	(1 093 107)	(1 178 723)

6.2 Working capital changes

Decrease in trade and other receivables	1 024 541	508 035
Decrease in trade and other payables	(61 156)	(224 145)
TOTAL	963 385	283 890

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7. Financial instruments

Details of the material accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability, are disclosed in Note 1 to the financial statements.

Categorisation of financial instruments at 31 December 2023

	Financial assets measured at amortised cost US\$	Financial assets measured at fair value US\$	Financial liabilities measured at amortised cost US\$	Total US\$
ASSETS				
Financial assets at fair value through profit or loss	-	420 438 676	-	420 438 676
Cash and cash equivalents	15 400 579	-	-	15 400 579
Trade and other receivables	1 724 073	-	-	1 724 073
TOTAL ASSETS	17 124 652	420 438 676	-	437 563 328
LIABILITIES				
Trade and other payables	-	-	4 825 358	4 825 358
TOTAL LIABILITIES	-	-	4 825 358	4 825 358

Categorisation of financial instruments at 31 December 2022

	Financial assets measured at amortised cost US\$	Financial assets measured at fair value US\$	Financial liabilities measured at amortised cost US\$	Total US\$
ASSETS				
Financial assets at fair value through profit or loss	-	400 706 148	-	400 706 148
Cash and cash equivalents	18 006 924	-	-	18 006 924
Trade and other receivables	4 083 108	-	-	4 083 108
TOTAL ASSETS	22 090 032	400 706 148	-	422 796 180
LIABILITIES				
Trade and other payables	-	-	2 192 015	2 192 015
TOTAL LIABILITIES	-	-	2 192 015	2 192 015

7.1 Financial risk management policies and objectives

The Fund's investment portfolio comprises equities, equity-linked securities, derivatives, bonds and cash and cash equivalents. The Fund may invest in listed and unlisted securities and these securities may be denominated in local or foreign currency.

The Fund defines 'African ex-SA equities' as equities in companies domiciled or geographically located in Africa and/or companies domiciled outside Africa with significant business interests in Africa, regardless of the location of the stock exchange listing (excluding South Africa).

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The Fund's investing activities expose holders of Fund shares to various types of risks that are associated with the financial instruments and markets in which the Fund invests.

The Fund invests in a focused portfolio of assets that are selected for their perceived superior fundamental value and expected risk and return profile. The Fund seeks to take advantage of opportunities that arise and may invest a substantial portion of the assets in a single country or region rather than a diversified portfolio of assets with exposure to a basket of African countries. The Fund has a designated performance benchmark as per the Fund's offering document which the Fund does not seek to mirror. Instead, the Fund may deviate meaningfully from this performance benchmark in pursuit of superior returns.

Market risk

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and includes interest rate, foreign currency and other price risks.

The following table shows the Fund's exposure to price and interest rate risks, split into the different types of financial instruments held by the Fund at year end. The analysis only relates to instruments subject to those specific risks.

Exposure	2023 US\$	2022 US\$
SUBJECT TO PRICE RISK		
Equities	402 886 069	396 556 648
SUBJECT TO INTEREST RATE RISK		
Cash and cash equivalents	15 400 579	18 006 924
Bonds	-	3 017 172
Margin accounts	1 192 371	2 219 056

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether the changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. Holders of redeemable shares are exposed to changes in the market values of the individual investments underlying the Fund. Exposure to price risk is mainly through listed instruments.

As a result of the nature of the Fund's underlying investments, there will be significant price fluctuations in the pursuit of superior long-term returns, and there will be periods when the equities in the Fund underperform the Fund's benchmark and/or generate negative absolute returns. Short-term performance can be volatile and investors are encouraged to focus on long-term returns when evaluating the Fund's performance, as the Investment Manager takes a long-term view when making investment decisions.

The Fund's portfolio is constructed based on proprietary investment research. This research is intended to enable the Fund to be invested in equities which offer superior fundamental value. Whether an equity offers superior fundamental value is determined by comparing the share price with an assessment of the equity's intrinsic value. Price risk is not managed in the Fund. Shares are typically bought when research and analysis indicate that the

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intrinsic value of the company far exceeds its market price, in anticipation of the price rising to its intrinsic value and it is believed there is a margin of safety. The lower the price of a share when compared to its assessed intrinsic value, the more attractive the equity's fundamental value is considered to be.

There has been no change to the Fund's exposure to price risk or the manner in which it manages and measures the risk. The following analysis indicates the possible impact on net assets attributable to holders of redeemable shares of price risk, until such time as the investments are sold. The table also illustrates the effect of possible changes in fair value of investments for price risk, assuming that all other variables remain constant. The disclosure provides information on the risks to which holders of redeemable shares are exposed and is not indicative of future performance.

	2023 US\$	2022 US\$
INVESTMENTS SUBJECT TO PRICE RISK		
EQUITIES		
Effect on net assets attributable to holders of redeemable shares		
Gross exposure	402 886 069	396 556 648
+/- 5%	20 144 303	19 827 832
+/- 10%	40 288 607	39 655 665
+/- 20%	80 577 214	79 311 330

Concentration of equity price risk

The following table analyses the Fund's concentration of equity price risk in the Fund's equity portfolio by sector allocation:

Sector	2023 % of equity	2022 % of equity
Financials	29.7	29.3
Consumer staples	29.0	28.3
Basic materials	12.9	14.8
Telecommunications	10.9	11.0
Energy	10.8	9.4
Utilities	4.1	2.9
Healthcare	0.9	1.8
Technology	0.8	1.5
Consumer discretionary	0.5	0.5
Industrials	0.4	0.5
TOTAL	100.0	100.0

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund is exposed to interest rate risk through its exposure to holding bonds, cash and cash equivalents and margin accounts. The Investment Manager manages the Fund's exposure to interest rates in accordance with the Fund's investment objectives and policies.

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The following table illustrates the effect of reasonably possible changes in prevailing interest rates, with all other variables held constant. The actual results may differ from the sensitivity analysis, and the difference could be material. The disclosure provides information on the risks to which holders of redeemable shares are exposed and is not indicative of future performance.

	2023 US\$	2022 US\$
INVESTMENTS SUBJECT TO INTEREST RATE RISK		
CASH AND CASH EQUIVALENTS	15 400 579	18 006 924
Effect on net assets attributable to holders of redeemable shares		
+/- 0.5%	77 003	90 035
+/- 1.0%	154 006	180 069
BONDS	-	3 017 172
Effect on net assets attributable to holders of redeemable shares		
+/- 0.5%	-	15 086
+/- 1.0%	-	30 172
MARGIN ACCOUNTS	1 192 371	2 219 056
Effect on net assets attributable to holders of redeemable shares		
+/- 0.5%	5 962	11 095
+/- 1.0%	11 924	22 191

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund undertakes certain transactions denominated in foreign currencies and is therefore exposed to the effects of exchange rate fluctuations.

The following tables indicates the currencies to which the Fund had exposure at 31 December 2023 and 31 December 2022 and the effect of fluctuations on financial assets and liabilities.

A positive number indicates an increase in net assets attributable to holders of redeemable shares where the US dollar weakens against the relevant currency. For a strengthening of the US dollar against the relevant currency, there would be an equal and opposite impact on the net assets attributable to holders of redeemable shares, and the balances below would be negative.

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The foreign currency risk disclosure reports the Zimbabwean dollar net assets converted using the estimated exchange rate as at 31 December 2023 and 31 December 2022. Further information relating to the estimated exchange rate has been disclosed in Note 12.

Currency impact US\$					
EFFECT ON NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES AS AT 31 DECEMBER 2023					
CURRENCY		NET ASSETS US\$	+/- 5%	+/- 10%	+/- 20%
Australian dollar	AUD	27 704 081	1 385 204	2 770 408	5 540 816
British pound	GBP	52 028 258	2 601 413	5 202 826	10 405 652
Canadian dollar	CAD	3 155 948	157 797	315 595	631 190
Egyptian pound	EGP	72 640 952	3 632 048	7 264 095	14 528 190
Euro	EUR	79 479	3 974	7 948	15 896
Ghanaian cedi	GHS	772 022	38 601	77 202	154 404
Kenyan shilling	KES	24 989 894	1 249 495	2 498 989	4 997 979
Malawian kwacha	MWK	4 767 282	238 364	476 728	953 456
Nigerian naira	NGN	110 602 510	5 530 126	11 060 251	22 120 502
Norwegian krone	NOK	2 936 233	146 812	293 623	587 247
Rwandan franc	RWF	6 658 141	332 907	665 814	1 331 628
Tanzanian shilling	TZS	1 853 064	92 653	185 306	370 613
Ugandan shilling	UGX	16 850 705	842 535	1 685 070	3 370 141
West African franc	XOF	33 958 844	1 697 942	3 395 884	6 791 769
Zambian kwacha	ZMW	309 711	15 486	30 971	61 942
Zimbabwean dollar	ZWL	50 665 311	2 533 266	5 066 531	10 133 062
			20 498 623	40 997 241	81 994 487

Currency impact US\$					
EFFECT ON NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES AS AT 31 DECEMBER 2022					
CURRENCY		NET ASSETS US\$	+/- 5%	+/- 10%	+/- 20%
Australian dollar	AUD	32 728 985	1 636 449	3 272 899	6 545 797
British pound	GBP	48 175 010	2 408 750	4 817 501	9 635 002
Canadian dollar	CAD	2 572 829	128 641	257 283	514 566
Egyptian pound	EGP	43 664 214	2 183 211	4 366 421	8 732 843
Euro	EUR	2 160	108	216	432
Ghanaian cedi	GHS	1 240 168	62 008	124 017	248 034
Kenyan shilling	KES	34 085 962	1 704 298	3 408 596	6 817 192
Malawian kwacha	MWK	6 799 870	339 994	679 987	1 359 974
Nigerian naira	NGN	103 753 196	5 187 660	10 375 320	20 750 639
Norwegian krone	NOK	2 847 223	142 361	284 722	569 445
Rwandan franc	RWF	6 926 467	346 323	692 647	1 385 293
Tanzanian shilling	TZS	1 996 969	99 848	199 697	399 394
Ugandan shilling	UGX	11 787 556	589 378	1 178 756	2 357 511
West African franc	XOF	29 426 574	1 471 329	2 942 657	5 885 315
Zambian kwacha	ZMW	466 786	23 339	46 679	93 357
Zimbabwean dollar	ZWL	68 016 429	3 400 821	6 801 643	13 603 286
			19 724 518	39 449 041	78 898 080

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Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Fund.

At year end, financial assets exposed to credit risk comprises cash and cash equivalents, bonds and margin accounts. The Investment Manager monitors the creditworthiness of the Fund's counterparties (e.g. brokers, custodians and banks) by reviewing their credit ratings, financial statements and press releases on a regular basis.

The compliance departments of Citibank Europe plc ('the Administrator') and the Investment Adviser monitor compliance with applicable regulations and the investment mandate on a daily basis.

The following table provides an analysis of the credit quality of the Fund's financial assets exposed to credit risk at reporting date by rating agency category. The credit quality has been assessed by reference to Fitch credit ratings, and where unavailable, Moody's ratings have been used. Ratings are presented in ascending order of credit risk.

	2023	2022
CREDIT RATING	% OF FUND	% OF FUND
AAA	0.28	0.50
A+	3.50	4.30
BB-	0.02	-
NR	-	0.70
	3.80	5.50

Note that the balance (96.20% of the Fund's net assets, 2022: 94.50%) comprises other financial assets at fair value through profit or loss, trade and other receivables and trade and other payables which have been excluded from the table above.

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund invests in markets that are considered emerging markets. Such markets are generally less mature and developed than those in advanced countries. Liquidity risk management rests with the Investment Manager, which has built an appropriate liquidity risk management framework for the management of the Fund's short-, medium- and long-term funding and liquidity management requirements.

The Fund invests primarily in marketable securities and other financial instruments, which, under normal market conditions, are readily convertible to cash. In addition, the Fund's policy is to maintain sufficient cash and cash equivalents to meet normal operating requirements and expected redemption requests.

Trade and other payables are expected to be settled within 30 days. Net assets attributable to holders of redeemable shares and distributions payable are settled within 30 days.

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The Fund's redeemable shares are redeemable for cash equal to the proportionate share of the Fund's net asset value. The Fund is therefore potentially exposed to weekly redemptions by the holders of redeemable shares. The Fund may not borrow other than to meet redemptions and such borrowing is limited to 10% of the Fund's net asset value and must be repaid within 90 days. The Investment Adviser's compliance department monitors compliance with the applicable requirements.

Where total members' redemption on any dealing day are more than US\$5 000 000 or 2.5% of the total net asset value of the Fund (whichever is less), the Investment Manager may, at its discretion, redeem only 2.5% of the total net asset value of the Fund or US\$5 000 000 (whichever is less), on a pro rata basis among the members, per dealing day. If any redemption requests are not satisfied in full, the balance thereof will be carried forward to the following dealing day, subject to the same 2.5% restriction. The Investment Manager retains the right to distribute all or part of the redemption proceeds in specie (in kind).

7.2 Fair value

The directors of the Fund are of the opinion that the fair value of all financial instruments, other than those measured at fair value through profit or loss, approximates the carrying amount in the Statement of financial position as these balances are due within 30 days. IFRS 7 and IFRS 13 require fair value measurements to be disclosed by the source of inputs, using a three-level hierarchy, as follows:

- **Level 1** - quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** - those involving inputs that are directly or indirectly observable
- **Level 3** - those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The fair values of financial assets and financial liabilities are determined as follows:

The fair values of financial assets and financial liabilities traded in active liquid markets, such as listed equity securities, are based on quoted market prices at the close of trading, and are classified within level 1.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Certain investments that are not valued using the quoted market price on the securities exchange can be valued based on other observable market data at the discretion of the Investment Manager. Securities not traded through recognised public securities exchanges can be valued on the valuation date based on other reliable sources, such as quotations by recognised investment dealers, at the discretion of the Investment Manager. Investments not listed on public securities exchanges, or for which reliable quotations are not readily available, are valued using valuation models based on assumptions that may not be supported by observable market inputs. These investments are classified as level 2 or 3.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

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The table below analyses financial instruments, measured at fair value at 31 December 2023, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	US\$			
	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
FINANCIAL ASSETS				
Equities	400 776 623	2 109 446	-	402 886 069
Futures contracts	-	17 552 607	-	17 552 607
	400 776 623	19 662 053	-	420 438 676

The table below analyses financial instruments, measured at fair value at 31 December 2022, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	US\$			
	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
FINANCIAL ASSETS				
Equities	396 113 997	442 651	-	396 556 648
Bonds	-	-	3 017 172	3 017 172
Futures contracts	-	1 132 328	-	1 132 328
TOTAL	396 113 997	1 574 979	3 017 172	400 706 148

Transfers between level 1 and level 2

During the year ended 31 December 2023, certain shares held by the Fund which were previously assessed to have sufficient trading volume to indicate an active market appear to be thinly traded due to relatively low trading volume. These shares are valued at quoted market prices. This resulted in a transfer out of level 1 into level 2 at the beginning of the reporting period. The amount transferred from level 1 into level 2 was US\$1 670 247 for the 2023 financial year.

During the 2022 financial year, an amount of US\$1 898 206 was transferred from level 2 into level 1.

The Investment Manager used a discounted cash flow valuation technique to estimate the fair value of a Zimbabwean bond at 31 December 2022. The key unobservable assumption used in the valuation is the discount rate of 12.5%. The bond matured during the 31 December 2023 financial year.

For fair value measurements in level 3 of the fair value hierarchy, changing the discount rate would have the following effect on fair value gains and losses:

Effect on profit or loss	2023	2022
INCREASE/(DECREASE) OF DISCOUNT RATE		
+/- 5%	-	7 335
+/- 10%	-	14 669

There were no transfers in or out of level 3.

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8. Share capital

Notwithstanding that the net assets attributable to holders of redeemable shares are classified as financial liabilities, the directors of the Fund consider these to represent the Fund's capital. The number of shares issued and redeemed during the years is reported below. The Fund's authorised share capital at 31 December 2023 and 31 December 2022 is detailed below. Fund shares are divided into five share classes (Class A, Class B, Class C, Class D and Class E), which participate pro rata in the Fund's net assets and dividends, and are redeemable and non-voting. Founder shares do not participate in the Fund's portfolio, are redeemable at par value only after all Fund shares have been redeemed, and carry the right to vote. If the Fund is wound up or dissolved, the Founder shares will participate only to the extent of their par value. All of the authorised Founder shares of the Fund have been issued as fully paid and are held by the Investment Manager. The Founder shares are classified as a trade and other payable in the Statement of financial position. As at 31 December 2023 and 31 December 2022, only Class A, Class C and Class E shares had been issued.

	Allan Gray Africa ex-SA Equity Fund Limited
Fund shares par value (per share)	US\$ 0.0001
Authorised Fund shares	99 990 000
Founder shares par value (per share)	US\$ 0.01
Authorised and issued Founder shares	100

Fund share transactions (shares)	Class A	Class C	Class E	Total
BALANCE AT 31 DECEMBER 2021	517 850	19 984	1 955 089	2 492 923
Subscriptions	489 115	564	18 793	508 472
Redemptions	(59 368)	(1 154)	(330 426)	(390 948)
BALANCE AT 31 DECEMBER 2022	947 597	19 394	1 643 456	2 610 447
Subscriptions	23 117	468	3 207	26 792
Redemptions	(2 706)	(2 816)	(175 342)	(180 864)
BALANCE AT 31 DECEMBER 2023	968 008	17 046	1 471 321	2 456 375

Fund share transactions (US\$)	2023 US\$	2022 US\$
Subscriptions*	3 948 373	79 326 562
Redemptions	(33 039 765)	(69 610 621)
NET CAPITAL (REDEMPTIONS)/SUBSCRIPTIONS	(29 091 392)	9 715 941

* This includes an issue of shares to the Class A and C shareholders from the Investment Manager of US\$2 743 377. Refer to Note 10 for more information.

Net asset value per share	Class A US\$	Class C US\$	Class E US\$
On 31 December 2022	139.77	140.71	173.68
On 31 December 2023	153.39	154.86	191.40

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No income distributions were declared by the Fund for the year ended 31 December 2023 and 31 December 2022.

The Fund is not subject to any externally imposed capital requirements.

9. Commitments

The Fund has a US\$4 500 000 intraday overdraft facility for custody, US\$2 000 000 cash overdraft facility, US\$100 000 custody intraday overdraft facility, US\$7 000 000 foreign exchange settlement facility and a US\$5 000 000 pre-settlement foreign exchange facility in place to facilitate the settlement of trade instructions. These facilities expire annually on 31 October and automatically roll over.

10. Related party transactions

At 31 December 2023, the directors of the Fund held shares directly and indirectly in the Fund, whereas the directors of the Investment Manager of the Fund held no shares directly or indirectly. The number of shares held were 25 and 9 929 respectively (2022: 25 and 9 689).

The Allan Gray South African Unit Trusts and Namibian Unit Trusts collectively held 1 198 511 shares in the Fund (2022: 1 328 099 shares). Allan Gray Life Limited, a subsidiary of the Investment Adviser, held 177 001 shares in the Fund (2022: 199 466 shares).

No rights, contingent or otherwise, to subscribe for shares have been granted to the Investment Manager's directors or the directors of the Fund. During the year ended 31 December 2023, the Investment Manager did not acquire or dispose of shares in the Fund (2022: 5 463).

The directors of the Fund received total fees of US\$15 000 from the Fund (2022: US\$24 000). During the financial year ended 31 December 2023, a director waived their fee of US\$5 000 (2022: US\$8 000).

The Investment Manager's fee charged to the Fund consists of a base fee (Class A: 1%; Class C: 0.7%) and 20% sharing of the Fund's out- or underperformance of its benchmark subject to a minimum fee of 0% per annum, a maximum of 5% (Class A) or 4.7% (Class C) per annum and a high watermark principle. Affiliates of the Investment Manager within the Allan Gray group manage global asset portfolios for their clients as well as a number of Allan Gray's institutional asset pools and collective investment schemes (collectively 'the Institutional Clients'). To avoid the layering of fees, applicable Institutional Clients are invested in the Class E share class where the Investment Manager does not charge a fee to the Fund.

During the year ended 31 December 2023, the management fees incurred by the Fund were \$623 463 (2022: \$2 119 920). At 31 December 2023 and 31 December 2022, there were no management fees payable.

In August 2023, the Investment Manager became aware that the publisher of the Fund's benchmark, who is an independent third party to the Fund, did not maintain the benchmark in accordance with its published rules since October 2020, which caused an overcharge of management fees in the Fund. The Investment Manager has returned the overcharged management fees back to the Class A and Class C shareholders who were impacted during the period from 1 October 2020 to 31 July 2023.

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The management fees that were earned and returned by issuance of shares amounted to US\$2 713 371 and US\$30 006 for the Class A and Class C shares respectively. The Fund's benchmark has been revised from 1 November 2023 as per the Fund's offering documents.

11. Derivative contracts

Typically, derivative contracts serve as components of the Fund's investment strategy and are utilised primarily to structure and hedge investments, to enhance performance and reduce risk to the Fund (the Fund does not designate any derivative as a hedging instrument for hedge accounting purposes). The derivative contracts that the Fund holds include futures and forwards. The Fund uses derivative financial instruments to hedge its risks associated primarily with fair value risks relating to equity instruments.

Derivatives often reflect at their inception only a mutual exchange of promises with little or no transfer of tangible consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the underlying value of a derivative contract may have a significant impact on the profit or loss of the Fund.

At 31 December 2023 and 31 December 2022 the Fund had positions in the following derivatives:

Futures contracts

Futures contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Futures contracts are transacted in the over-the-counter market in standardised amounts and are subject to daily cash margin requirements.

The Fund has credit exposure to the counterparties of futures contracts. The table below indicates the total exposure and fair value gains recognised over the period.

Futures held for risk management purposes:

	2023 US\$	2022 US\$
Futures contracts (total exposure)	23 254 001	1 498 790
Fair value gains/(losses) recognised during the year	17 934 387	(304 440)

Forward contracts

Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

At 31 December 2023 and 31 December 2022 the Fund had no credit exposure to the counterparties of forward contracts as all open contracts were settled prior to year end. The credit risk related to forward contracts is considered minimal because the contracts are held with institutions of good repute. Forward contracts result in market risk exposure. During the year ended 31 December 2023, no fair value gains and losses were recognised relating to forward contracts (2022: US\$897 184).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2023

12. The effects of changes in foreign exchange rates

During the 31 December 2023 year end, the exchangeability of the Zimbabwean dollar through official channels may have slightly improved; however, the capital controls, limited liquidity available to investors and elevated levels of inflation continued to persist. This is evident by continued delays in the auction process whereby exchanging Zimbabwean dollars to US dollars within a reasonable time frame is still challenging and beyond normal administrative delays. As such, the Fund's net assets denominated in Zimbabwean dollars are not readily convertible into the Fund's functional currency. This has resulted in identifying the Zimbabwean dollar exchange rate as lacking exchangeability.

Accordingly, the Fund's net assets denominated in Zimbabwean dollars have been translated using an estimated exchange rate which is considered to be a fair representation of the US dollar exchange rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

While there are still issues around the accessibility of US dollars for Zimbabwean investments and lack of exchangeability persists, the Fund has observed some improvements in the prevailing economic conditions of Zimbabwe. These improvements include the increased frequency of the foreign exchange auctions, and the change in legislation allowing US dollars to be used as legal tender. As a result, the official exchange rate has weakened over the current period and is now largely considered to be a fair representation of the estimated exchange rate. Therefore, the Fund has calculated an estimated Zimbabwean dollar exchange rate to be 5 903 ZWL:USD as at 31 December 2023. As at 31 December 2022, the estimated exchange rate calculated was equal to the official exchange rate of 671 ZWL:USD.

As at 31 December 2023 and 31 December 2022, there has been no impact to the carrying value of the Fund's net assets denominated in Zimbabwean dollars since the calculated estimated rate approximated the official exchange rate.

CHARACTERISTICS AND DIRECTORY

Domicile and structure

Bermuda open-ended investment company

Regulation

The Fund is incorporated and registered under the laws of Bermuda and is supervised by the Bermuda Monetary Authority. The Fund is also listed on the Bermuda Stock Exchange.

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